



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: June 5, 2003

POLICY NO.: FD-021: Food Distribution Program on Indian Reservations (FDPIR)

SUBJECT: FDPIR Match Requirement

General Matching Requirements.

The provisions for FDPIR administrative funds for State agencies are contained in 7 C.F.R. Part 253.11 of the program regulations. Regarding grants and matching, the regulations state: "Within the limitation of funds available to carry out the provisions of this part, FNS, shall make available to each State agency 75 percent of approved administrative costs. Any approval for payment of funds in excess of 75 percent shall be based on compelling justification that such additional amounts are necessary for the effective operation of the Food Distribution Program on Indian Reservations. Compelling justification may include, but not be limited to, such factors as the need for a larger Federal contribution during a State agency's first year of operation of the program, and the need to assure that no State agency currently operating the program receives a level of funding that would cause a diminution of program services. Administrative costs must be included in annual or revised budget information submitted by the State agency to FNS for approval prior to the contribution of Federal funds. Administrative costs must be allowable under part 277 of this chapter."

The matching requirement is an important element of program performance that must be monitored during the fiscal year (FY) and must be subject to final compliance determination at closeout. If an Indian Tribal Organization (ITO) or State agency (SA) fails to meet its approved match, FNS will recover the necessary amount of Federal funds to bring the ITO/SA into compliance with its matching commitment. The required match cannot be adjusted at closeout solely to prevent the need for the ITO/SA to return Federal funds.

Applicability of the Match

The matching requirement applies to funds provided in all categories (i.e., general program administration, nutrition education, and vehicles and equipment). All administrative funds provided to the ITO/SA at any time during the fiscal year are subject to the 25-percent matching requirement *with the exception of **reallocated** nutrition education funds* (see FNS Instruction 716-4, section X, subparagraph F).

The matching percentage applies to the sum total of Federal funds provided, and not individually to each category of administrative dollars. At closeout, FNS will compare the reported match against total Federal funding obligated by the ITO/State in these three categories to determine whether the established match has been met.

Match Reporting.

Use of FDPIR general administrative funds will be reported quarterly on the SF-269. Use of earmarked administrative funds, e.g., nutrition education and vehicle/equipment, will be reported annually, using a separate SF-269A (short form) for each individual category. However, all matching will be reported exclusively on the SF-269 and will be reported quarterly.

Renegotiating the Match.

The match can only be renegotiated after initial budget approval if:

- A documented, material change in the ITO/SA's financial circumstances makes it impossible for the ITO/SA to meet the initially negotiated match; or
- Additional Federal funds become available through reallocation, or from a Regional Office reserve fund, after the budget has been negotiated.

As noted above, the ITO/SA must renegotiate its matching percentage at the time these events occur. It must not wait until closeout.

When additional Federal funds become available to an ITO/SA after the initial budget approval (as in FY 2003), the established percentage match will determine how to approach match adjustment. There are three basic scenarios to address for these budget renegotiations/modifications:

1. ITO/SA Budget with a Match Below 25 Percent - If an ITO/SA initially negotiated a match that is below 25 percent, its negotiated match theoretically constitutes the maximum amount it can provide. Therefore, the availability of the additional Federal funding does not require the ITO/SA to furnish additional matching resources. Instead, the Regional Office must adjust the matching percentage downward so that the adjusted matching *percentage* is consistent with the originally established, and unchanged, matching *amount*.
2. ITO/SA Budget with a Match at 25 Percent - If an ITO has agreed to a 25 percent match, the possibility exists that it can match additional Federal funds if they are offered. In this case, the ITO must either provide the necessary additional funds or establish its inability to do so to the satisfaction of the Regional Office. In the latter case, the ITO and Regional Office must negotiate a new, lower matching percentage.

3. ITO/SA Budget with a Match above 25 Percent - If an ITO is matching in excess of 25 percent, and additional Federal funds are offered, additional matching by the ITO/SA is purely voluntary. If the ITO/SA offers no additional matching resources, the Regional Office can simply adjust the ITO/SA's matching percentage downward to reflect the additional Federal funding. Such downward adjustment may not, however, yield a match that is less than 25 percent. When the adjusted match would yield a matching percentage that is less than 25 percent, the ITO/SA must either match up to the 25 percent level or demonstrate its inability to do so.

Please direct any questions to Dave Seger at (703) 305-2719.



PHILIP K. COHEN
Acting Director
Food Distribution Division



LAEL J. LUBING
Director
Grants Management Division

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